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AMENDMENTS TO THE BANKRUPTCY ACT. — The Bankruptcy Act of 1898 was probably more favorable to an insolvent debtor than any other bankruptcy law ever enacted. Any debtor, except a corporation, could become a voluntary bankrupt and gain the privileges of the Act if he wished; but if he did not wish to become a bankrupt the acts of bankruptcy rendering him liable to be adjudicated a bankrupt on petition of his creditors were few. Moreover, the causes for opposing the discharge of a bankrupt were narrowly limited, and in practice the proportion of bankrupts who have failed to get a discharge must be very small. In the main the law has worked successfully, but some provisions have been found ambiguous, and others have been thought unjust to creditors. The amendatory act which has just become a law for all cases not already pending is an attempt to remedy some of these defects. The amendments, unlike the original act, seem to have been drawn by the hands of creditors and court officials rather than by those to whom the interests of the debtor are of paramount concern. The fees of both the referee and the trustee are increased, and a number of changes are made in the interest of creditors. Probably the most important of these is the amendment of section 57. Hereafter a creditor who has received a preference innocently may prove other claims without surrendering his preference. A new act of bankruptcy is created and mining corporations are made subject to involuntary bankruptcy. Four new objections to the discharge are added to the two created by the Act of 1898, and one of the two specified in the original act is made more stringent. The debts not affected by a discharge are also slightly increased in number. The wife of a bankrupt may be compelled to give testimony in regard to transactions to

which she was a party. The jurisdiction of the bankruptcy court is enlarged by the addition to section 23 *b*, of a proviso which permits suits for the recovery of property under sections 60 *b* and 67 *e* to be brought in that court.

A few amendments, but not so many as might be wished, have for their object rather to make clear ambiguities in the original act than to make a change in the law. This is apparently the primary object in the amendment to section 17, which specifies what debts are not affected by a discharge. Another question on which there are conflicting decisions is settled by the provision that where a preference consists in a transfer, the period of four months shall not expire until four months after the date of the recording or registering of the transfer, if by law such recording or registering is required.

It is provided that the bankruptcy of a corporation shall not release its officers, directors or stockholders, as such, from any liability under the laws of a state or territory or of the United States. This is presumably meant to overrule such cases as *Train v. Marshall Paper Co.*, 180 Mass. 513. It may well be questioned whether the intention has been effectuated. Congress cannot change the conditions of a director's liability in Massachusetts or any state, and if the state law requires as a condition of charging a director that not only shall judgment be given against the corporation, but that execution shall issue and be returned unsatisfied, these conditions must be fulfilled, and if the corporation is discharged it seems impossible to fulfill them. For precisely such a reason in Massachusetts while the Act of 1867 was in force sureties on attachment bonds were held to be discharged by the discharge of the principal debtor, though the bankruptcy law provided that sureties should not be discharged. A state statute had to be passed to remedy the injustice. See *Hill v. Harding*, 130 U. S. 699. The difficulty might easily have been met by denying a bankrupt corporation a discharge. The present act is the first to allow a corporation a discharge, and there is little to be said in favor of the innovation.

A definite provision allowing proof of contingent claims should also have found a place in the amendatory act.

The amendments as a whole improve the law. They strengthen the hand of the creditor, but an honest debtor is not materially affected by them.

S. W.

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RIGHTS OF SPECIAL TAX-PAYERS IN LOCAL IMPROVEMENT CONTRACTS. — A question of apparently first impression has recently been raised in the Kentucky courts, involving a determination of the relation of a city to its inhabitants with respect to contracts for local improvements. The city of Louisville let out a paving contract upon which there was a reliable surety. On the contractor's becoming embarrassed the city released both him and his surety, and relet the contract at a great increase in expense. The abutting owners, who had been specially assessed for the cost under the first contract, successfully sued the city for repayment of the extra assessments levied to meet the additional cost under the second contract. *Barfield v. Gleason*, 63 S. W. Rep. 964; *Louisville v. Kentucky, etc., Bridge Co.*, 70 *ibid.* 627. The obvious result of the cases is to shift the burden caused by the improper action of the council from those specially assessed to the general tax-payers.